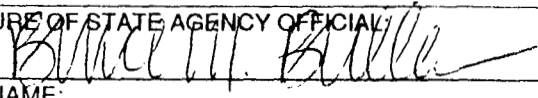
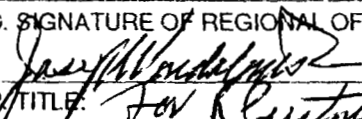


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: <u>9 6 - 0 1 9</u>	2. STATE: MA
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) Title XIX	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE December 27, 1996	
		5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT	
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR		7. FEDERAL BUDGET IMPACT: a. FFY <u>97</u> \$ <u>500,000.</u> b. FFY _____ \$ _____	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19.D(4), Page 27		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same	
10. SUBJECT OF AMENDMENT: Nursing Facility Reimbursement			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Not Required Under 45 CFR 204.1 <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Bridget Landers State Plan Coordinator Division of Medical Assistance 600 Washington Street Boston, MA 02111	
13. TYPED NAME: Bruce M. Bullen			
14. TITLE: Commissioner			
15. DATE SUBMITTED: December 27, 1996			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: <u>12/31/96</u>		18. DATE APPROVED: April 2, 2001	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: December 27, 1996		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Ronald P. Preston		22. TITLE: Associate Regional Administrator, HCFA/DMSO	
23. REMARKS:			

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**INSTITUTIONAL STATE PLAN AMENDMENT
ASSURANCE AND FINDING CERTIFICATION STATEMENT**

STATE: Massachusetts TN - 96-019
REIMBURSEMENT TYPE: Inpatient hospital _____
 Nursing facility X
 ICF/MR _____

PROPOSED EFFECTIVE DATES: December 27, 1996

A. State Assurances and Findings. The State assures that it has made the following findings:

1. 447.253(b)(1)(i) - The State pays for inpatient hospital services and long-term care facility services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable state and Federal laws, regulations, and quality and safety standards. yes

2. With respect to inpatient hospital services --

- a. 447.253(b)(1)(ii)(A) - The methods and standards used to determine payment rates take into account the situation of hospitals which serve a disproportionate number of low income patients with special needs. N/A

- b. 447.253(b)(1)(ii)(B) - If a State elects in its State plan to cover inappropriate level of care services (that is, services furnished to hospital inpatients who require a lower covered level of care such as skilled nursing services or intermediate care services, under conditions similar to those described in section 1861(v)(1)(G) of the Act, the methods and standards used to determine payment rates must specify that the payments for this type of care must be made at rates lower than those for inpatient hospital level of care services, reflecting the level of care actually received, in a manner consistent with section 1861(v)(1)(G) of the Act. _____

If the answer is "not applicable," please indicate:

N/A

- c. 447.253(b)(1)(ii)(C) - The payment rates are adequate to assure that recipients have reasonable access, taking into account geographic location and reasonable travel time, to inpatient hospital services of adequate quality. N/A

3. With respect to nursing facility services --

- a. 447.253(b)(1)(iii)(A) - Except for preadmission screening for individuals with mental illness and mental retardation under 42 CFR 483.20(f), the methods and standards used to determine payment rates take into account the costs of complying with the requirements of 42 CFR part 483 subpart B. Yes

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- b. 447.253(b)(1)(iii)(B) - The methods and standards used to determine payment rates provide for an appropriate reduction to take into account the lower costs (if any) of the facility for nursing care under a waiver of the requirement in 42 CFR 483.30(c) to provide licensed nurses on a 24-hour basis.
Yes
- c. 447.253(b)(1)(iii)(C) - The State has established procedures under which the data and methodology used to establish payment rates are made available to the public.
Yes
4. 447.253(b)(2) - The proposed payment rate will not exceed the upper payment limits as specified in 42 CFR 447.272:
- a. 447.272(a) - Aggregate payments to each group of health care facilities (hospitals, nursing facilities, and ICFs/MR) will not exceed the amount that can reasonably be estimated would have been paid for those services under Medicare payment principles.
Yes
- b. 447.272(b) - Aggregate payments to each group of State-operated facilities (that is, hospitals, nursing facilities, and ICFs/MR) -- when considered separately -- will not exceed the amount that can reasonably be estimated would have been paid for under Medicare payment principles.
Yes
- If there are no State-operated facilities, please indicate "not applicable:" N/A
- c. 447.272(c) - Aggregate disproportionate share hospital (DSH) payments do not exceed the DSH payment limits at 42 CFR 447.296 through 447.299.
N/A
- d. Section 1923(g) - DSH payments to individual providers will not exceed the hospital-specific DSH limits in section 1923(g) of the Act.
N/A
- B. State Assurances. The State makes the following additional assurances:
1. For hospitals --
- a. 447.253(c) - In determining payment when there has been a sale or transfer of the assets of a hospital, the State's methods and standards provide that payment rates can reasonably be expected not to increase in the aggregate solely as a result of changes of ownership, more than payments would increase under Medicare under 42 CFR 413.130, 413.134, 413.153 and 413.157 insofar as these sections affect payment for depreciation, interest on capital indebtedness, return on equity (if applicable, acquisition costs for which payments were previously made to prior owners, and the recapture of depreciation.
N/A

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2. For nursing facilities and ICFs/MR--

- a. 447.253(d)(1) - When there has been a sale or transfer of the assets of a NF or ICF/MR on or after July 18, 1984 but before October 1, 1985, the State's methods and standards provide that payment rates can reasonably be expected not to increase in the aggregate, solely as a result of a change in ownership, more than payments would increase under Medicare under 42 CFR 413.130, 413.134, 413.153 and 413.157 insofar as these sections affect payment for depreciation, interest on capital indebtedness, return on equity (if applicable), acquisition costs for which payments were previously made to prior owners, and the recapture of depreciation. Yes
- b. 447.253(d)(2) - When there has been a sale or transfer of the assets of a NF or ICF/MR on or after October 1, 1985, the State's methods and standards provide that the valuation of capital assets for purposes of determining payment rates will not increase (as measured from the date of acquisition by the seller to the date of the change of ownership) solely as a result of a change of ownership, by more than the lesser of:
- (i) 1/2 of the percentage increase (as measured from the date of acquisition by the seller to the date of the change of ownership) in the Dodge construction index applied in the aggregate with respect to those facilities that have undergone a change of ownership during the fiscal year; or
- (ii) 1/2 of the percentage increase (as measured from the date of acquisition by the seller to the date of the change of ownership) in the Consumer Price Index for All Urban Consumers (CPI-U) (United States city average) applied in the aggregate with respect to those facilities that have undergone a change of ownership during the fiscal year. Yes
3. 447.253(e) - The State provides for an appeals or exception procedure that allows individual providers an opportunity to submit additional evidence and receive prompt administrative review, with respect to such issues as the State determines appropriate, of payment rates. Yes
4. 447.253(f) - The State requires the filing of uniform cost reports by each participating provider. Yes
5. 447.253(g) - The State provides for periodic audits of the financial and statistical records of participating providers. Yes
6. 447.253(h) - The State has complied with the public notice requirements of 42 CFR 447.205.

Notice published on: December 26, 1996

If no date is shown, please explain: _____

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Assurance and Findings Certification Statement

State MA
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7. 447.253(i) - The State pays for inpatient hospital and long-term care services using rates determined in accordance with the methods and standards specified in the approved State plan. Yes

C. Related Information

1. 447.255(a) - NOTE: If this plan amendment affects more than one type of provider (e.g., hospital, NF, and ICF/MR; or DSH payments) provide the following rate information for each provider type, or the DSH payments. You may attach supplemental pages as necessary.

Provider Type: Nursing Facility

For hospitals: Include DSH payments in the estimated average rates. You may either combine hospital and DSH payments or show DSH separately. If including DSH payments in a combined rate, please initial that DSH payment are included. N/A

Estimated average proposed payment rate as a result of this amendment: \$101.60

Average payment rate in effect for the immediately preceding rate period: \$101.59

Amount of change: .01

Percentage of change: 0%

2. 447.255(b) - Provide an estimate of the short-term and, to the extent feasible, long-term effect the change in the estimated average rate will have on:
- (a) The availability of services on a statewide and geographic area basis: no significant effect
 - (b) The type of care furnished: no significant effect
 - (c) The extent of provider participation: no significant effect
 - (d) For hospitals -- the degree to which costs are covered in hospitals that serve a disproportionate number of low income patients with special needs: N/A

I HEREBY CERTIFY that to the best of my knowledge and belief, the information provided is true, correct, and a complete statement prepared in accordance with applicable instructions.

Completed by Lisa McDowell Date 12/30/96
Title: Lisa McDowell, Manager of LTC Institutional Services,
Division of Medical Assistance

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Notwithstanding anything contained in this State Plan to the contrary, a nursing home that has over seventy-five percent (75%) of its residents having a primary diagnosis of multiple sclerosis shall have all of its nursing costs allowed when calculating such home's reimbursement rate under this State Plan.

Notwithstanding anything to the contrary contained in this State Plan, any nursing home that is owned by the Martha's Vineyard Hospital Foundation during the time that said Foundation also administers a federally designated sole community provider hospital shall have allowed all of its extra variable and fixed costs that reasonably result from such nursing home being located in a geographically isolated area.

TN: 96-019
SUPERSEDES: 96-013

HCFA
APPROVAL:

APR 9 2 2001

EFFECTIVE: 12/27/96
REVISION:

OFFICIAL